

STATE OF DELAWARE DEFERRED COMPENSATION PROGRAM

IMPORTANT NOTICE TO PERSONS APPLYING FOR AN UNFORESEEABLE EMERGENCY WITHDRAWAL

The Internal Revenue Code generally prohibits 457 Plan participants from withdrawing funds from their account until after they separate from their employer's service. The only exception to this rule is the withdrawal of funds as a source of last resort for an unforeseeable emergency. The State's 457 Plan document and Treasury Regulations promulgated under the Internal Revenue Code contains strict guidelines with respect to the definitions of an "unforeseeable emergency." In reviewing applications for unforeseeable emergency withdrawals, the Delaware Deferred Compensation Council must ensure that the facts of the application comply with the Plan and the Internal Revenue Code requirements in order to protect the tax-deferred status of all participants' assets in the State's 457 Program.

An unforeseeable emergency is defined in the State's 457 Plan document as a severe financial hardship to the Participant resulting from one of the following:

- An illness or accident of the Participant, the Participant's spouse, the Participant's dependent (as defined in section 152(a) of the Internal Revenue Code) or the Participant's Beneficiary;
- Loss of the Participant's property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by homeowner's insurance, e.g., as a result of a natural disaster);
- The need to pay for funeral expenses of the Participant's spouse, the Participant's dependent (as defined in section 152(a) of the Internal Revenue Code) or the Participant's Beneficiary; or
- Other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. Such examples may include:
 - The imminent foreclosure of or eviction from the Participant's primary residence caused by an unforeseeable circumstance; or

- The need to pay for medical expenses, including nonrefundable deductibles, as well as the cost of prescription drug medication.

Except in extraordinary circumstances, the following are examples of situations that are not considered eligible for an emergency withdrawal:

- Payment of college tuition;
- Purchase of real estate;
- Nonpayment of ordinary living expenses such as mortgage, auto payment and utilities;
- Nonpayment of loans;
- Payment of income taxes, interest or penalties;
- Personal bankruptcy, unless it results directly and solely from illness, casualty loss or other similar extraordinary and unforeseeable circumstance; and
- Marital separation or divorce.

Further, an unforeseeable emergency withdrawal shall not be paid to the extent that the financial hardship is or may be relieved through reimbursement or compensation from insurance or otherwise, by borrowing from commercial sources on reasonable commercial terms to the extent that this borrowing would not itself cause severe financial hardship, by cessation of deferrals under the Plan, by liquidation of other assets (including the assets of the Participant's spouse and minor children that are reasonably available to the Participant) to the extent that this liquidation would not itself cause severe financial hardship, or by any other means available to the Participant or the beneficiary. The amount that may be distributed from the Plan is limited to the amount reasonably necessary to meet the unforeseeable emergency need (which may include any amounts necessary to pay any federal, state or local income taxes or penalties reasonably anticipated to result from the distribution) after all other available financial means available to you are taken into consideration.

To ensure timely review of your Unforeseeable Emergency Withdrawal Application, you must provide all the information requested and fully document the circumstances with respect to your unforeseeable emergency event. If you do not complete the application or if adequate documentation is not provided with your application, your request cannot be processed.

Please also note that the money you have contributed to the Delaware 457 Program has been deducted from your gross income and no income taxes have been withheld from those deducted amounts. If your unforeseeable emergency withdrawal request is approved, the amount withdrawn will be reported to the IRS and taxes will be withheld from the amount distributed to you.

Submit your completed application to Joshua Hitchens, Office of the State Treasurer, 820 Silver Lake Blvd, Suite 100, Dover, DE 19904. If you have questions you may call the Office of the State Treasurer at 302-672-6733.

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DEFERRED COMPENSATION COUNCIL**